



**SHAHMURAD SUGAR MILLS LIMITED**

1st Quarterly Results for the period  
1st October 2014 to 31st December, 2014

## SHAHMURAD SUGAR MILLS LTD.

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman
MR. YUSUF AYOOB	Managing Director
MR. SULEMAN AYOOB	
MR. A. AZIZ AYOOB	
MR. ZIA ZAKARIA	Resident Director
MR. GHULAM MOHIUDDIN ZAKARIA	
MR. ZOHAIR ZAKARIA	
MR. NAEEM AHMED SHAFI	Independent Director (N.I.T. Nominee)
MR. KHURRAM AFTAB	

#### BOARD AUDIT COMMITTEE

MR. NAEEM AHMED SHAFI	Chairman
MR. SULEMAN AYOOB	Member
MR. ZOHAIR ZAKARIA	Member

#### HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. SULEMAN AYOOB	Chairman
MR. YUSUF AYOOB	Member
MR. GHULAM MOHIUDDIN ZAKARIA	Member

#### CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

#### COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL  
FCMA

#### AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.  
Chartered Accountants

#### LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR  
Advocate

#### REGISTERED OFFICE

96-A, SINDHI MUSLIM HOUSING SOCIETY,  
KARACHI-74400  
Tel: 34550161-63 Fax: 34556675

#### FACTORY

JHOK SHARIF,  
TALUKA MIRPUR BATHORO,  
DISTRICT THATTA (SINDH)

#### REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.  
404-TRADE TOWER,  
ABDULLAH HAROON ROAD,  
NEAR METROPOLE HOTEL,  
KARACHI - 75530

#### WEBSITE

[www.shahmuradsugar.co](http://www.shahmuradsugar.co)

## DIRECTORS' REPORT

Dear members:

Assalam-o-Alaikum

On behalf of the Board of Directors I feel great pleasure in presenting to you the un-audited financial statements of your company for the period ended December 31, 2014. Segment wise position is briefed as under:

### SUGAR DIVISION:

Crushing of sugarcane for the season 2014-15 commenced on December 18, 2014 and up to the close of the first quarter i.e. December 31, 2014 the mill crushed 38,712 metric tons of cane as against 111,185 metric tons crushed in the preceding year. Sugar produced was 3,010 metric tons as against 9,680 metric tons produced last year. However the recovery percentage is 10.46 percent as against 10.12 percent achieved last year. The recovery percentage cannot be considered as representative as the same represent of thirteen days of crushing. Exact percentage would be determined only when substantial crushing is completed. Molasses produced was 750 metric tons as against 3,600 metric tons produced last year. The production of sugar and molasses is lower than last year as the crushing commenced late during the current season.

For the current crushing season the Government of Sindh first notified the price of sugarcane at Rs.182/= per 40 kg which was protested by the Pakistan Sugar Mills Association (PSMA). As result the Government reduced the price to Rs.155/= which was protested by the growers. The Government under the pressure of growers again raised the price of raw material at Rs.182/= . Pakistan Sugar Mills Association approached Honorable Sindh High Court for review of the price of cane but the Court maintained the price announced by the Sindh Government. The Association approached the Honourable Supreme Court of Pakistan where the matter is under hearing. The Government controls the price of raw material but price of the sugar is left open to the market forces. It is well known fact that the price of sugar was depressed in the market during the last two years due to excess production of the same and the sugar mills suffered loss on sale of sugar. It is expected that during the current season the production of sugar would also in excess of the requirements of the country and similar is the position world over. In view of the excessive production it is expected that the price of sugar would remain depressed during the current year and the bottom line would again be negative.

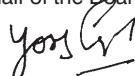
During the period under consideration your company suffered a loss of Rs.107.732 million as against Rs. 16.335 million during the same period last year. As you are aware that the sugar price in the domestic and international markets is depressed considerably due to excess production during last two years and it is expected that the production during the current season would also be in excess of the requirements of the country. It seems that the current scenario would continue to prevail unless some concrete steps are taken by the Government to improve the situation. Government exercises control over the price of raw material to protect the interest of the growers, which is highly appreciated, but similar control must have been exercised over the price of sugar in order to improve the bottom line of sugar mills.

### ETHANOL DIVISION:

The Division has produced 5,667 metric tons of Ethanol as against 2,788 metric tons produced in the same period of last year. During the period under consideration the plant was closed for annual repair and maintenance. The company exported 4,755 metric tons of Ethanol and earned valuable foreign exchange for the country. Purchase of molasses for the whole year is expected to be procured during the current crushing season in order to run the plant at optimum level throughout the year. Presently the trend of molasses prices is steady whereas the Ethanol market is also indicating depression.

The Board of Directors also wish to place on record their appreciation for the dedication and commitment of all officers, employees and workers who contributed their services to sustain all operations of the company.

For & on behalf of the Board of Directors

  
**YUSUF AYOOB**  
MANAGING DIRECTOR

Karachi: 26th January 2015

**SHAHMURAD SUGAR MILLS LTD.**

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2014**

	Un-Audited December 2014	Audited September 2014
Note	(Rupees in thousand)	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	4 2,415,807	2,425,608
Intangible Asset	5 1,934	2,480
Long Term Investments in associates	5,100	5,101
Long Term Loans	3,708	2,841
Long Term Deposits	1,991	2,390
	2,428,540	2,438,420
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	219,404	186,179
Stock-in-trade	766,132	1,755,960
Trade debts	148,808	35,370
Loans and advances - unsecured considered good	397,684	108,404
Trade Deposits and short term prepayments	8,896	1,576
Other receivables	47,023	47,005
Income tax refundable-Payments less Provision	61,705	61,960
Cash and bank balances	126,560	32,922
	1,776,212	2,229,376
	4,204,752	4,667,796
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised Capital 25,000,000 ordinary shares of Rs. 10 each	250,000	250,000
Issued, subscribed and paid-up capital	211,187	211,187
General reserve	80,000	80,000
Share of associate's unrealized (loss) on re-measurement of investment	(780)	(780)
Un-appropriated Profit	561,291	656,894
	851,698	947,301
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT &amp; EQUIPMENT</b>	604,709	611,888
<b>NON CURRENT LIABILITIES</b>		
Long Term Financing	678,854	530,833
Loan from Related Parties	230,836	230,836
Deferred taxation	19,227	28,842
	928,917	790,511
<b>CURRENT LIABILITIES</b>		
Trade & other payables	330,330	420,015
Accrued mark-up/finance cost	31,114	45,737
Short term borrowings	1,262,637	1,662,755
Current portion of long term financing and liabilities against assets subject to finance lease	195,347	189,589
	1,819,428	2,318,096
<b>CONTINGENCIES AND COMMITMENTS</b>	6 -	-
	4,204,752	4,667,796

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
**YUSUF AYOOB**  
Managing Director

  
**ZIA ZAKARIA**  
Director

SHAHMURAD SUGAR MILLS LTD.

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2014**

		<b>For the Three Months October to December</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>(Rupees in thousand)</b>	
Sales		1,419,280	1,037,757
Cost of sales	7	(1,405,526)	(952,642)
Gross profit		13,754	85,115
Distribution cost		(21,474)	(18,979)
Administration expenses		(37,979)	(35,831)
Other operating charges		(2,940)	(132)
		(62,393)	(54,942)
Operating (loss)/profit		(48,639)	30,173
Other Income		215	7,061
		(48,424)	37,234
Finance Cost		(59,308)	(53,569)
<b>(Loss)/profit before taxation</b>		(107,732)	(16,335)
Taxation		4,950	17,993
<b>(Loss)/profit for the period after taxation</b>		(102,782)	1,658
<b>(Loss)/earning per share-Basic and diluted - Rupees</b>		(4.87)	0.08

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
**YUSUF AYOOB**  
 Managing Director

  
**ZIA ZAKARIA**  
 Director

SHAHMURAD SUGAR MILLS LTD. ■

---

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2014**

	For the Period October to December	
	2014	2013
	(Rupees in thousand)	
<b>(Loss)/profit for the period after taxation</b>	(102,782)	1,658
<b>Other comprehensive Income</b>		
<b><i>Items that shall not be reclassified subsequently to profit and loss account</i></b>		
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	7,179	4,624
<b>Total comprehensive (loss)/income for the period</b>	(95,603)	6,282

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
**YUSUF AYOOB**  
Managing Director

SHAHMURAD SUGAR MILLS LIMITED

  
**ZIA ZAKARIA**  
Director

SHAHMURAD SUGAR MILLS LTD.

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2014**

	December 2014	December 2013
	(Rupees in thousand)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(107,732)	(16,335)
<b>Adjustment for :</b>		
Depreciation	30,936	26,864
Amortisation	546	266
Finance cost	59,308	53,569
	90,790	80,699
	(16,942)	64,364
<b>Decrease/(increase) in current assets</b>		
Stores, spares parts and loose tools	(33,225)	(22,411)
Stock in trade	989,828	(30,424)
Trade debts	(113,438)	(19,411)
Loans & advances	(289,280)	(303,894)
Short term prepayments	(7,320)	(22,324)
Other receivables	(18)	12
	546,547	(398,452)
<b>(Decrease)/increase in current liabilities</b>		
Trade and Other payables	(89,678)	281,925
Short term borrowings	(400,118)	290,808
	(489,796)	572,733
Cash generated from operations	39,809	238,645
Decrease in long term Loan	(867)	(2,242)
Increase in long term deposits	399	-
Income tax paid	(4,410)	(13,627)
Finance cost paid	(73,931)	(52,245)
	(78,809)	(68,114)
Net cash in flow from operating activities	(39,000)	170,531
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Property, Plant & Equipment	(21,135)	(28,662)
Net cash out flow from investing activities	(21,135)	(28,662)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	200,000	-
Repayment of long term financing	(46,221)	(38,304)
Dividend Paid	(6)	-
<b>Net cash (outflow) from financing activities</b>	153,773	(38,304)
<b>Net increase in cash and bank balances (A+B+C)</b>	93,638	103,565
Cash and bank balance at the beginning of the period	32,922	29,994
<b>Cash and bank balance at the end of period</b>	126,560	133,559

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
**YUSUF AYOOB**  
 Managing Director

  
**ZIA ZAKARIA**  
 Director

**SHAHMURAD SUGAR MILLS LTD.**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED DECEMBER 31, 2014**

	Issued, subscribed & paid up capital	General reserve	Share of Associate's unrealised (loss)/gain on remeasurement of investment	Un-appropriated profit	Total
----- (Rupees in thousand) -----					
<b>Balances as at October 01, 2013</b>	211,187	80,000	(1,378)	443,147	732,956
<b>During the period ended December 31, 2013</b>					
<b>Total Comprehensive Income for the period ended December 31, 2013</b>					-
Profit after taxation	-	-	-	1,658	1,658
Other comprehensive income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	4,624	4,624
	-	-	-	6,282	6,282
<b>Balances at December 31, 2013</b>	211,187	80,000	(1,378)	449,429	739,238
<b>During the nine month ended September 30, 2014</b>					
<b>Transactions with owners</b>					
Final Dividend for 30-September-2013 @ Re. 1.50 Per Share	-	-	-	(31,678)	(31,678)
<b>Total Comprehensive Income for the period ended December 31, 2013</b>					
Profit after taxation	-	-	-	225,083	225,083
Other comprehensive income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	14,060	14,060
Share of Associate's unrealised (loss)/gain on remeasurement of investment	-	-	598	-	598
	-	-	598	239,143	239,741
<b>Balances as at September 30, 2014</b>	211,187	80,000	(780)	656,894	947,301
<b>During the period ended December 31, 2014</b>					
<b>Total Comprehensive Income for the period ended December 31, 2014</b>					
Loss after taxation	-	-	-	(102,782)	(102,782)
Other comprehensive income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	7,179	7,179
	-	-	-	(95,603)	(95,603)
<b>Balances at December 31, 2014</b>	211,187	80,000	(780)	561,291	851,698

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
**YUSUF AYOOB**  
Managing Director

  
**ZIA ZAKARIA**  
Director



## SHAHMURAD SUGAR MILLS LTD.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2014

#### 1 The Company and its Operations

The Company was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company. Its shares are listed in Karachi stock Exchange. The Company owns and operate sugar and Ethanol manufacturing units which are located at Jhoke Sharif, District Sujawal in the province of Sindh, the company's registered office is located at 96-A, Sindh Muslim Cooperative Housing Society, Karachi, Sindh.

#### 2 Basis of Preparation

2.1 This condensed interim financial information is being submitted to the shareholders as required under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differs, the provisions of or directives issues under the Companies Ordinance, 1984 have been followed. The condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended September 30, 2014.

#### 3 Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended September 30, 2014.

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued up to the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

	Notes	Un-Audited December 2014 (Rupees in thousand)	Audited September 2014
<b>4. Property, Plant and Equipment</b>			
Operating assets	4.1	2,355,119	2,383,222
Capital work in progress	4.2	60,688	42,386
		2,415,807	2,425,608

## SHAHMURAD SUGAR MILLS LTD.

	Un-Audited December 31, 2014	Audited September 30, 2014
	(Rupees in thousand)	
<b>4.1 OPERATING ASSETS</b>		
<b>Opening book value</b>	2,383,222	2,104,891
<b>Direct Additions during the period / year</b>		
Owned		
Furniture, Fixture and Fittings	-	278
Office Equipment	531	3,997
Plant and machinery	-	1,370
Vehicle	2,302	5,454
	2,833	11,099
<b>Transfer from CWIP during the period / year</b>		
Owned		
Factory building	-	44,546
Non Factory building	-	641
Plant and Machinery	-	86,779
	-	131,966
<b>Revaluation surplus on fresh revaluation</b>	-	248,600
<b>Disposals - Operating assets (at net of book value)</b>		
Vehicles	-	(846)
<b>Depreciation Charged for the period / year</b>	(30,936)	(112,488)
<b>Closing book value</b>	2,355,119	2,383,222
<b>4.2 CAPITAL WORK IN PROGRESS</b>		
<b>Opening balance</b>	42,386	37,082
<b>Additions during the period / year</b>		
Civil Work	21	53,164
Plant & Machinery - owned	18,281	84,106
	18,302	137,270
<b>Capitalization during the period/year</b>		
Civil Work	-	(45,187)
Plant & Machinery - owned	-	(86,779)
	-	(131,966)
<b>Closing balance</b>	60,688	42,386
<b>5. INTANGIBLE ASSET</b>		
Opening balance	2,480	4,452
Amortization charged during the period / year	(546)	(1,972)
	1,934	2,480
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		

There is no material change in status of contingencies as disclosed in note No. 26 (a) of the annual financial statements for the year ended September 30, 2014.

## SHAHMURAD SUGAR MILLS LTD.

	Un-Audited December 31, 2014 (Rupees in thousand)	Audited September 30, 2014
<b>6.2 Commitments</b>		
<b>Letter of credit for Store and Spares</b>	6,347	7,610
<b>Bank Gurantees</b>		
in favor of Trading Corporation of Pakistan (TCP) against sugar sale contracts	-	8,855
in favor of Excise and Taxation Department	500	500
	500	9,355
	<b>For the period</b>	
	<b>October to December</b>	
	<b>2014</b>	<b>2013</b>
	----- (Rupees in thousand) -----	
<b>7. COST OF GOODS SOLD</b>		
Cost of goods manufactured Note 7.1	602,477	679,988
Finished goods (Opening stock)	1,350,522	854,077
Finished goods (Closing stock) Note 7.2	(547,473)	(581,423)
	803,049	272,654
	1,405,526	952,642
<b>7.1 Cost of goods manufactured</b>		
Raw material consumed	517,063	658,069
Salaries, wages and benefits	23,709	21,513
Stores and spares consumed	31,652	39,665
Packing materials	1,721	4,603
Chemical process	11,748	7,678
Fuel and oil	22,751	10,097
Power and water	8,981	8,307
Repair and maintenance	12,494	13,870
Insurance	2,273	2,284
Depreciation	27,316	23,910
Cane Development Cess	242	695
Other manufacturing expenses	3,121	6,025
	663,071	796,716
Less: by product transfer/sale		
Molasses transfer to Ethanol division	(6,000)	(34,920)
Sale of Scrap	-	(2)
	(6,000)	(34,922)
Work-in-process		
Opening stock of sugar	8,283	7,794
Closing stock of molasses	(7,687)	(14,585)
Closing stock of Sugar	(55,190)	(75,015)
	(54,594)	(81,806)
	602,477	679,988

## SHAHMURAD SUGAR MILLS LTD.

7.2 It includes certain stock of refined sugar at the end of period valued at Net Realizable value amounting to Rs. 151.506 million (Dec, 2013 Rs. 510.116 million).

### 8. TRANSACTION WITH RELATED PARTIES

Related parties comprises of associated companies, staff retirement funds, directors and key management personnel. The transactions with related parties during the period are given below:

Relationship with the Company	Nature of Transactions	December	December
		2014	2013
(Rupees in thousand)			
<b>Associates</b>			
Al-Noor Sugar Mills Limited	Purchase of Goods	44,318	129,847
Reliance Insurance Company Ltd	Insurance premium	7,467	3,128
Reliance Insurance Company Ltd	Insurance claim	-	606
<b>Other related parties</b>			
Directors' and key management personnel	Directors remuneration	4,789	3,045
	Executive remuneration	10,446	7,805
	Directors' meeting fee	55	45
Staff provident fund	Contribution	873	632

### 9. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of products produced with each segment representing a strategic business unit that offer different products and serves different markets. The sugar segment is the manufacturer of the sugar and ethanol segment is a manufacturer of Ethanol. The following tables represents revenue and profit information regarding business segment for the period ended December 31, 2014 and December 31, 2013 and assets and liabilities information regarding business segments as at December 31, 2014 and September 30, 2014.

Sugar		Ethanol		Consolidated	
For the period ended December 31,		For the period ended December 31,		For the period ended December 31,	
2014	2013	2014	2013	2014	2013

(Rupees in thousand)

#### REVENUE

External Sales	1,038,856	480,354	380,424	557,402	1,419,280	1,037,756
Inter segment transfer	6,000	34,920	-	-	6,000	34,920
<b>Total</b>	<b>1,044,856</b>	<b>515,274</b>	<b>380,424</b>	<b>557,402</b>	<b>1,425,280</b>	<b>1,072,676</b>

#### RESULTS

(Loss)/profit from operation	(74,927)	(79,468)	26,288	109,641	(48,639)	30,173
Other Operating Income					215	7,061
Finance cost					(59,308)	(53,569)
Loss before tax					(107,732)	(16,335)
Taxation					4,950	17,993
(Loss)/profit for the period					(102,782)	1,658
Other comprehensive Income					7,179	4,624
<b>Total Comprehensive (loss)/income for the period</b>					<b>(95,603)</b>	<b>6,282</b>

## SHAHMURAD SUGAR MILLS LTD.

### SEGMENT ASSETS AND LIABILITIES

	December 2014	September 2014	December 2014	September 2014	December 2014	September 2014
----- (Rupees in thousand) -----						
<b>Assets</b>						
Segment Assets	1,849,871	2,556,743	2,175,477	1,931,394	4,025,348	4,488,137
Un-allocated Assets					174,304	174,558
Long Term Investment					5,100	5,101
Total Assets					<u>4,204,752</u>	<u>4,667,796</u>
<b>Liabilities</b>						
Segment Liabilities	1,315,924	1,665,021	1,412,646	1,423,811	2,728,570	3,088,832
Unallocated Liabilities					19,775	19,775
					<u>2,748,345</u>	<u>3,108,607</u>

	Period ended December 31, 2014		Period ended December 31, 2013		Period ended December 31, 2014		Period ended December 31, 2013	
----- (Rupees in thousand) -----								
<b>OTHER INFORMATION</b>								
Additions to property, plant and equipment	20,340	2,595	795	26,067	21,135	28,662		
Depreciation	16,140	14,575	14,796	12,289	30,936	26,864		
Amortization	262	32	284	234	546	266		
Disposal	-	9	-	-	-	9		

#### 10. WORKERS PROFIT PARTICIPATION FUND, WORKERS WELFARE FUND AND TAXATION

Allocation to the Worker's Profit Participation Fund, Worker's Welfare Fund and provision for taxation are provisional. Final Liability would be determined on the basis of annual results.

#### 11. AUTHORIZATION

These financial statements were authorized for issue on January 26, 2015 by the Board of Directors of the Company.

#### 12. GENERAL

12.1 Figures have been rounded off nearest to thousand rupees.

  
**YUSUF AYOOB**  
 Managing Director

  
**ZIA ZAKARIA**  
 Director

**BOOK POST**  
**PRINTED MATTER**

*If undelivered please return to :*

**SHAHMURAD SUGAR MILLS LTD.**

96-A, SINDHI MUSLIM SOCIETY,  
KARACHI-74400.

